

September 15, 2010

Dear Members of the House Tax Policy Committee:

On behalf of our over 330 member credit unions, the Michigan Credit Union League (MCUL) would like to thank you for the opportunity to comment on H.B. 6421, the "Uniform Unclaimed Property Act", introduced by State Representative Fred Durhal.

Michigan's credit unions currently administer the transfer of a significant amount of unclaimed funds owned by credit union members to the State of Michigan. Representative Durhal's legislation would significantly reduce the timeframe requirement to be considered "abandoned" from more than 5 years to only 3 years. The MCUL has some concerns with this legislation as introduced.

Our member credit unions understand the significant challenges presented in balancing our state's current budget. Despite having limited time to review H.B. 6421 prior to this committee hearing, one concern many of our credit union leaders expressed was their members potentially not understanding why their credit union escheated their property after only 36 months. A drastic reduction (40%) in the current "abandoned" timeframe would likely result in an increased number of public relations issues for our member credit unions. For example, many of our credit unions encourage younger members to open savings and checking accounts as tools for saving and financial discipline. Many of these accounts can go inactive for several months and years. Additionally, credit unions will likely need to communicate this change to our members, if not required to do so by our regulators. The cost of this communication can be significant, particularly if you have thousands of members.

While the majority of changes presented in this legislation would only affect the process of escheating accounts, our members are concerned about the communication cost and increased public relations risk that would likely result from its passage. We believe Michigan credit unions would be sending a significantly higher number of member accounts to the Board of Escheats until the public adapts to the new timeframe. Additionally, our front line employees will be the ones who have to mitigate the frustration and anger presented by our members who try to access their funds or property after the new abandonment timeframe is enacted and their property is escheated.

At this time, we are neutral on this legislation until we have had more time to review the language and fully understand the operational impact it might have on our credit unions. Again, the MCUL appreciates the opportunity to express our concerns with H.B. 6421.

Sincerely,



Marcia Hune
MCUL VP Government and Public Affairs